

Members

Sen. Patricia Miller, Chairperson
Sen. Greg Server
Sen. Ron Alting
Sen. Beverly Gard
Sen. Steve Johnson
Sen. Connie Lawson
Sen. Marvin Riegsecker
Sen. Allie Craycraft
Sen. Billie Breaux
Sen. Earline Rogers
Sen. Vi Simpson
Rep. Charlie Brown, Vice-Chairperson
Rep. Brian Hasler
Rep. William Crawford
Rep. Susan Crosby
Rep. John Day
Rep. Win Moses
Rep. Scott Pelath
Rep. Peggy Welch
Rep. Vaneta Becker
Rep. Timothy Brown
Rep. Mary Kay Budak
Rep. Gary Dillon
Rep. David Frizzell
Rep. Gloria Goeglein

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HEALTH FINANCE COMMISSION

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MEETING MINUTES¹ (Revised 10/17/01)

Meeting Date: October 10, 2001
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington St.,
Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Patricia Miller, Chairperson; Sen. Beverly Gard; Sen. Connie Lawson; Sen. Marvin Riegsecker; Sen. Allie Craycraft; Sen. Earline Rogers; Sen. Vi Simpson; Rep. Charlie Brown, Vice-Chairperson; Rep. William Crawford; Rep. Susan Crosby; Rep. Win Moses; Rep. Vaneta Becker; Rep. Timothy Brown; Rep. Mary Kay Budak; Rep. Gary Dillon; Rep. David Frizzell; Rep. Gloria Goeglein.

Members Absent: Sen. Greg Server; Sen. Ron Alting; Sen. Steve Johnson; Sen. Billie Breaux; Rep. Brian Hasler; Rep. John Day; Rep. Scott Pelath; Rep. Peggy Welch.

Sen. Patricia Miller, Chair, called the third meeting of the Health Finance Commission to order at 1:10 p.m.

Commission on Community Care

Rep. Gloria Goeglein, member of the Commission

Rep. Goeglein introduced the topic of a Commission on Community Care. Her remarks were based on HB 1488 (2001) which would establish a Commission on Community Care to study certain issues relating to the provision of long term care. (See Exhibit 1.)

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

The bill was to establish a seven-member Commission to study: (1) the implementation of a person-centered and self-directed care plan for consumers with disabilities; (2) the regulation of nursing homes, assisted living facilities, home health care agencies, hospices, and other similar health providers and facilities, including state agencies and institutions; (3) what agency would be the most appropriate agency to regulate those providers and facilities; (4) reimbursement levels based on the level of care given by those providers and facilities; and (5) other issues related to the long term care system.

Rep. Goeglein added that person-centered, self-directed care implied that the individual consumer's specific needs for long term care would be considered in the delivery of services. She also stated that the second major provision of the bill was that the Commission would consider what state agency would be most appropriate in the regulation of providers and facilities involved in long term care in order to reduce the possibility of conflict of interest.

Responding to a question whether the Commission on Mental Retardation and Developmental Disabilities (MR/DD) was serving this function already, Rep. Goeglein stated that the recommendations of the MR/DD Commission have not been implemented very well.

Sen. Miller requested that if anyone had a specific proposal for the Health Finance Commission to consider at the next meeting, the proposal should be provided to Sen. Miller in advance of the October 24 meeting.

Indiana Comprehensive Health Insurance Association (ICHIA)

Sen. Miller briefly described the informal meeting of about 30 interested parties that took place on October 4. Sen. Miller stated that 29 ideas for solving or alleviating the ICHIA funding problems were developed. (See Exhibit 2.)

Commission staff provided a brief overview of a staff memo to the Commission describing the estimated fiscal impact of several of the ideas developed at the October 4 meeting. (See Exhibit 3.) The memo includes estimates for options that affect the relative funding contributions for ICHIA, including where: (1) the state takes over the funding of ICHIA; (2) participants are expected to contribute more of the funding; and (3) the contribution levels of the insurance industry, both members and self-funded plans, are adjusted. In addition, estimates of the impact of options that affect program costs are described in the memo, such as (1) capping or limiting policy benefit levels; and (2) capping participant enrollment. Information on the status of Tobacco Settlement funds was also provided in the memo. Staff indicated that all costs are projected for FY 2003 and would represent ongoing expenditures subject to inflation, enrollment changes, etc. Staff also indicated that other program options would be analyzed within the upcoming week, and the results would be distributed to Commission members in advance of the next meeting.

Jim Bucher, Outsourced Administrative Systems, Inc. (OASYS)

Jim Bucher, OASYS, administrators of the ICHIA program, was invited to comment on the ICHIA problem. He stated that some states have changed their high-risk pool assessment mechanism to be based on membership and covered lives, rather than premiums, in order to enlarge the funding base to include those self-funded plans that are protected by ERISA provisions.

Responding to a question as to what happens to individuals who max out of plans in other states due to lifetime benefit limits, Mr. Bucher stated that a fairly small percentage of insureds ever max out. But, for those insureds that are dropped from high-risk pool coverage, very little is known about their situation.

Responding to a question regarding the ages of people who reach a lifetime limit, Mr. Bucher

stated that maxing out is typically more condition-related than age-driven.

Responding to a question as to the number of states with high-risk pools, Mr. Bucher stated that 30 to 32 states have established high-risk pools, and the rest of the states probably require guaranteed issue.

Sally McCarty, Commissioner, Indiana Department of Insurance

Sally McCarty was invited to comment. Ms. McCarty described a couple of options, including (1) changing the assessment mechanism to assessment based on the number of policies, rather than on premiums; (2) changing the formula by skewing assessments in favor of group plans, thus increasing assessments of individual plans; and (3) assessing the underlying claims for stop-loss carriers. Ms. McCarty also indicated that the Department has decided to exercise its authority to have independent projections of ICHIA program losses in the development of assessment levels.

Cris Fulford, COVOH

Cris Fulford stated that the Ticket to Work program is a doable option if there is a correlation with the Medicaid Buy-In program, and the program is used for individuals who are 18 to 65 years of age allowing them to continue to work.

Michelle Rice, Assistant Director, Hemophilia of Indiana

Michelle Rice related to the Commission the situation of her family and, specifically, her two sons who have hemophilia. She indicated that with a \$1 million cap, one of her sons would reach the cap within four years. Ms. Rice stated that a lifetime cap definitely would affect the 39 hemophilia patients who are on the ICHIA program. Ms. Rice provided to the Commission a document providing details on ICHIA premium rates. (See Exhibit 4.)

Glenna Gebauer, ICHIA Program Participant

Glenna Gebauer described her situation of being 60 years of age, her husband considering retirement, and she is suffering from hemophilia. She told of losing insurance coverage because of her conditions and how grateful she is that Indiana has the ICHIA program.

Sen. Miller described two bill drafts that had been prepared and would be considered at the next meeting of the Commission: PD 3338 (Exhibit 5), that would limit third party payment of ICHIA premiums to a maximum of 75%, and PD 3341 (Exhibit 6), which would require members of ICHIA to annually report to the Department of Insurance the amount of tax credits that are taken against ICHIA member assessments.

Sen. Miller stated that the next meeting of the Commission would be held on October 24 at 1:00 p.m. in Room 233 of the State House. At that meeting legislative proposals and recommendations, as well as the Commission's final report, would be considered. She added that if any of the Commission members have suggestions for legislative proposals and recommendations on any of the subjects covered by the Commission, they should provide those suggestions to the Chair.

Rep. Vaneta Becker suggested that the Commission consider limiting third party contributions to the premiums of ICHIA insured based on a sliding scale related to the income of the enrollee.

There being no further business, the meeting was adjourned at approximately 2:10 p.m.